

April 4, 2005

Todd and Margot Lorsung
1409 7th Avenue North
Sartell, MN 56377

RE: Questions About Power Line Siting Process
OAH Docket No. 6-2901-16384-2

Dear Mr. and Mrs. Lorsung:

I have received your letter of March 25. All of the questions which you posed were discussed during the hearings held earlier in March. I am sorry you were not able to attend, as there was often a fair amount of discussion of various points of view. I will attempt to answer your questions from the perspective of what the current law requires. But there were plenty of people who spoke at the hearings who do not agree with the current law, especially the method for calculating payments to affected landowners.

One of your primary concerns has to do with compensation to landowners whose property is impacted by an easement. The long and short of the matter is that under current law, landowners are entitled to "just compensation" for the diminished value of property because it has an easement upon it. An easement gives a power company certain rights to the land, but the company does not buy the entire bundle of rights that a fee owner has. Without going into great detail, basically a power company acquires the right to place its poles on your land and its line across your property. You can still farm under the line, pasture under it, or engage in most other activities. What you cannot do is to erect permanent buildings, allow tall trees to grow, or take other actions which are spelled out in the easement agreement. In exchange for placing these limitations on your ability to use your land, you are compensated by the power company. The compensation is not as much as if the power company bought your land outright and acquired all of the rights that go with total ownership. While a number of figures were discussed during the hearings, it sounds like the typical easement payment equals between 50% and 75% of the sale price of the land if you sold *all* of the rights to it.

The law does not force you to accept whatever amount the power company first offers you. You can negotiate with them. If you cannot negotiate a satisfactory settlement with the power company, then the law entitles you to use a process whereby three individuals from the community, known as "commissioners," hear from both you

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and the power company, and then the commissioners set an amount for the purchase of the easement. Finally, if you are not satisfied with that amount, you can go into the district court, and have a jury trial and let a jury set the amount of the payment.

There is a process, set forth in statute, whereby you can either take your payment in a lump sum, or you can have it spread over a period of years and get interest on the unpaid balance.

During the hearings, a number of people indicated dissatisfaction with the current legal payment process, and indicated that they would prefer to be compensated the same way that landowners are compensated when wind generator towers are erected on their property. The long and short of the matter is that the legislature has set forth a process for compensating landowners affected by transmission lines, and until the legislature changes that process, every power company must use it. During the hearings, it was announced that Senator Vickerman was attempting to change the law. I have no knowledge of what is happening in that regard, but if the law is changed, all power companies will have to do whatever the new law tells them to do.

You indicate that you were offended by a quotation, attributed to me, in a newspaper article. The quotation is correct, as far as it goes. The question of whether or not these two lines should be built at all has already been answered. Back in 2003, a series of hearings was held in the affected area, very similar to the hearings which I held in 2005. But the question in those 2003 hearings was whether or not there was a need for additional power lines. Ultimately, the Minnesota Public Utilities Commission decided, based on the record created in those hearings, that there was a need for four additional power lines. That decision is now final. I informed the audience at the start of each of the 2005 hearing sessions that the question of whether those four lines ought to be built had already been decided back in 2003, and that that the purpose of the 2005 hearings was to decide the best route for those lines. That is the background for the question in the newspaper.

Notices of the 2005 hearings were published in local newspapers and were mailed to potentially affected landowners using the property tax records of the county auditor or county treasurer. As I understand it, the name and address that the county had on record for sending out tax statements was also used for sending out these transmission line notices. Again, that is the process specified in law. I note from a plat book which was used during the hearings that the southwest quarter of Section 14 of

Wilmont Township is identified as owned by Floyd Fath. When I look at the mailing list that was used for mailing notices, I find that notices were sent to a Floyd Fath at 706

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Third Avenue, Wilmont. I do not know what the relationship is between you and Mr. Fath, but the notices were sent to him.

In addition to mailed notices, notices (with maps) were published in the Jackson County Pilot, the Rock County Star Herald, the Worthington Daily Globe, the Murray County Wheel-Herald, the Pipestone County Star, and the Brandon Valley Challenger. News releases were sent to every cable television station, newspaper, radio station, and television station located in the affected counties. Of course, since you live in Sartell, none of those are likely to reach you. But that is the process specified in the current law.

Finally, you have asked that the line be put on the other side of the road from your property. I will catalog your request, along with those from your neighbors, and when I am working on that particular segment of the route, I will consider it when attempting to find the least offensive route.

I hope that this letter gives you some additional information about your questions. It is clear from your letter that you don't agree with the current law. Many of the people who spoke at the hearings also don't agree with the current law, at least concerning the payment issue. The way to get the current law changed is to contact your legislator. I got the impression at the hearings that a number of people were going to do that.

Sincerely,

/s/ Allan W. Klein

ALLAN W. KLEIN
Administrative Law Judge

Telephone: 612/341-7609

AWK:cr

P.S. I am enclosing a copy of an exhibit from one of the hearings. It describes Community Wind South, an organization that was formed by local landowners to allow

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landowners who might be affected by transmission lines to get some of the benefits of generation ownership.

Encl.

cc: Dwight Wagenius
Lisa Agrimanti
Community Wind South
Rural Minnesota Energy Board